

Operational Trading Procedures

Chapter 3: Trading Functionalities

The trading functionalities offered by HKATS and the procedural steps for executing those functionalities are set out in the *HKATS User's Guide* and the *HKATS Risk Functions User's Guide*.

3.7 Limit Orders

Limit orders are orders which are to be matched at a specific limit price or better.

The following “validity times” can be applied to limit orders:

- **Rest-of-Day:** This is the default. If the entire order has not been matched or cancelled by the end of the trading day, that portion of the order which remains open will be automatically cancelled.
- **Until Expiry:** An order of this kind is valid up to execution, series expiry, or until the Options Trading Exchange Participant cancels it.
- **Specified Time:** An order of this kind is valid until market close of the date specified in the order, until execution, series expiry, or until cancelled by the Options Trading Exchange Participant, whichever is earliest.
- **Fill and Kill:** Orders of this kind attempt to match as much of the order as possible up to the specified quantity. The part of the order which has not been filled is cancelled immediately.
- **Fill-or-Kill:** Orders of this kind are either filled immediately for the full quantity or, if this is not possible, cancelled entirely.

A limit order capable of being stored in the Central Orderbook (a limit order which does not have either a "Fill-or-Kill" or "Fill and Kill" condition attached) will remain in the Central Orderbook until one of the following events occurs:

1. The order is matched either fully or partially with an incoming order. Where the order is fully matched, it will be removed from the Central Orderbook, and where it is only partially matched, the outstanding part will be stored in the Central Orderbook until it is matched, cancelled or for the applicable period, as the case may be.
2. The Authorised User who input the limit order or another Authorised User of the same Options Trading Exchange Participant cancels the order or amends the order to the effect that the ranking priority will be affected.
3. The order is cancelled by the Exchange upon the request of the Options Trading Exchange Participant.
4. The order, and possibly all other orders, placed by the Options Trading Exchange Participant are cancelled by the Exchange in the event that misconduct is suspected.
5. HKATS automatically purges the order when its specified validity time expires, when its specified SMP ID is no longer valid for the relevant Options Trading Exchange Participant or in accordance with the SMP Instruction for its specified SMP ID.
6. HKATS automatically inactivates the order when all orders belonging to an Authorised User are inactivated due to a lost connection between the local trading workstation and the host computer.
7. HKATS automatically cancels the order if trading in the relevant option class is suspended.
8. The order and all other orders specifying a validity time of "Rest of Day" are cancelled by the Exchange where market conditions warrant such action.